

City of Burlington / 2013 CDBG Application Form

Project Name: Preserving and Increasing Affordable Housing Opportunities in Burlington

Project Location / Address: various addresses in Burlington

Applicant Organization / Agency: Champlain Housing Trust

Mailing Address: 88 King Street, Burlington, Vermont 05401

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EIN #: 22-2536446 DUNS #: 868151226

CDBG Funding Request: \$85,000

1. Type of Organization

☐ Local Government
☐ For-Profit Organization
☐ Faith-Based Organization

☒ Non-Profit Organization (please provide copy of your IRS 501(c)(3) tax exemption letter)
☐ Institution of Higher Education

2. Conflict of Interest: xx Please complete and sign attached form.

3. List of Board of Directors: xx Please attach.

Certification

To the best of my knowledge and belief, data in this proposal are true and correct.

I have been duly authorized to apply for this funding on behalf of this agency.

I understand that this grant funding is conditioned upon compliance with federal CDBG regulations.

I further certify that no contracts have been awarded, funds committed or construction begun on the proposed program, and that none will be prior to issuance of a Release of Funds by the Program Administrator.



Signature of Authorized Official

Chris Donnelly

Name of Authorized Official

Director of Community Relations

Title

January 11, 2013

Date

I. Demonstrated Need

1. Project Narrative: Provide a description of the project/program to be funded with CDBG.

By any measure the rental market in Burlington is tight and expensive. The rental vacancy rate hovers between 1% and 2% (5% is considered healthy, the national average was reported by HUD as 8.6% last July), and in the Champlain Housing Trust's portfolio it is even lower with just four current vacancies out of 800 apartments in the City.

According to HUD data compiled at www.housingdata.org, in Burlington rental households earn a median income of \$27,500 – half earn less, half earn more. Assuming the affordability standard of 30% of income covering housing costs, this median income-earning household could afford a little less than \$700 a month for an apartment. The published HUD Fair Market Rent is \$1,124 for a two bedroom.

Anecdotally, we see the need every day. An average of 100 people fill out rental applications per month. Of the four vacancies we have in Burlington, none have been vacant longer than 60 days.

Our project includes preserving the affordability of 233 apartments/rooms scattered about Burlington and pursuing a redevelopment of a block in the Old North End on Bright Street that will result in preserving ten others and creating an estimated 30 to 40 new apartments. As with our recently completed rehab of ten buildings in Burlington and Winooski, we will be investing in the physical appearance and energy efficiency in this project that helps improve neighborhoods. In all, we will be engaged in eight different projects that currently house 607 Burlington residents and ultimately will serve closer to 700.

2. Innovation

a. What new programs and/or services will be provided as a result of CDBG assistance?

Funding will provide us with the ability to pursue a new development in one of the last remaining blocks of the Old North End that has not seen investment. While it will be a challenging multi-year effort, our first steps in developing new housing in the Bright Street/Greater Archibald Intervale Neighborhood will be critical to the longer term success. Ultimately, we will develop 30 to 40 new affordable homes in this neighborhood.

b. How will existing programs and/or services be expanded as a result of CDBG assistance? Use actual numbers to demonstrate expansion.

Through this project, we will also expand the number of permanently affordable apartments at South Meadow (recently purchased by CHT) from 40 to 64. CDBG funding will allow us to pursue and secure permanent financing for this expansion.

Additionally, at South Meadow, we are initiating a conversion of 32 townhouse-style apartments to homeownership, 24 of which will be permanently affordable. While buyers may earn up to 100% of median income, our experience over twenty-eight years is that the average buyer earns less than 80% of median. And over the past two years, two-thirds earn less than that. Current renters at South Meadow – even those with a Section 8 voucher – will have the first opportunity to purchase and begin to build equity.

c. Are there other programs in the community that address similar issues? ____ Yes XX No

II. Proposed Outcomes

1. How will this project/program impact individuals and contribute to the City's anti-poverty strategy?

Having a safe, affordable place to live is the first step towards stability for low-income households and has long been a core component of the City's efforts to alleviate poverty. Affordable housing provides a base from which residents become or stay healthy, where they can raise a family, secure a job, attain job training or other education, and offers an opportunity to plan for the future. Without that stable home, none of these

goals are easy or likely achievable. Furthermore, without this program added homelessness in Burlington is a very real possibility as nearly half of the households are extremely low income (30% of AMI or less).

Adding to the housing stock while preserving the existing affordability will have a tremendous positive impact on the individuals and neighborhoods in the City.

2. List your goals/objectives, activities to implement and expected outcomes (# of units, # of individuals, etc.)

- South Meadow – rental. CHT purchased South Meadow Apartments in November. The development has 148 apartments, 40 of which are affordable to those earning 50% of AMI or less. Many residents, however, live in this neighborhood with the assistance of a Section 8 voucher. Our plan over the next few years is to expand the affordability from 40 to 64 apartments and create 32 homeownership condos (see below), in addition to keeping 52 apartments available with no restrictions or to those with a voucher. We'll do this over time and invest capital to rehab and update the apartments as we go along.
- South Meadow – homeownership. We have begun the two-plus year process to convert 32 townhouse style apartments at South Meadow to owner-occupied opportunity. This effort is modeled after a very successful similar project in Winooski initiated four years ago. The bulk (24) of the apartments will be sold with our resale restrictions. Rehab will occur as the condos are sold. The average median income of our buyers is 77% of AMI.
- Rose Street Artists Co-op. This co-op with 12 households is approaching the end of its low income housing tax credit compliance period and the members need to refinance to preserve affordability and attend to current and future capital needs. We are working with them through this process.
- Pearl Union SRO. This SRO (single room occupancy) is in a partnership that has significant debt and needs refinancing likely with tax credits. It also needs to address its capital needs to preserve long term affordability for the 15 extremely low income individuals.
- ONE Housing. This scattered site rental development with 19 apartments is at the end of its tax credit compliance period and needs reinvestment to preserve affordability and to pay for needed rehab work.
- Burlington Rental Housing Improvement Project (BRHIP). Like ONE, this scattered site rental development is also at the end of its tax credit compliance period and needs reinvestment to preserve affordability and to pay for needed rehab work. BRHIP is home to 33 households.
- Housing for Homeless Plus. CHT is the owner of four properties that will undergo refinancing and substantial capital improvements. All are used for housing or shelter for 39 people with mental disabilities or substance abuse dependencies. Three of the properties are leased to other non-profits (HowardCenter and Spectrum Youth and Family Services) to operate the housing/shelter and associated support programs. CHT operates the fourth.
- Bright Street. We have purchased two properties on Bright Street that abut another property we own and have begun to engage the neighborhood through the NPA on a path forward to develop housing and possibly other community assets on this site. We expect that we will be able to ultimately construct 30 to 40 homes (likely multi-family housing) on the site, but need to first work with the community to develop a plan.

III. Experience / Organizational Capacity

1. What is your agency's mission, and how do the proposed activities fit with your mission?

Our mission statement reads: "The Champlain Housing Trust is a community land trust that supports strong, vital communities in northwest Vermont through the development and stewardship of permanently affordable homes and associated community assets." The proposed activities in this application include "the development and stewardship of permanently affordable homes."

2. How long has your agency been in operation?

CHT has been in operation since 1984, initially as the Burlington Community Land Trust and Lake Champlain Housing Development Corporation.

3. What programs and services do you offer?

CHT provides a wide range of programs and services to address community housing needs. Our housing serves people just getting out of a homeless shelter or at risk of being homeless; those with mental illness or disability; working people unable to access a market rate apartment; and homeowners who need just a little help to get over the hump of purchasing. We also provide a wide range of education and financial counseling services to improve credit, help people develop and implement household budgets, and move people down the path of becoming mortgage ready.

4. If you plan to pay for staff with CDBG funding, describe what they do in relation to the specific service(s) / activity(ies) in your Project Narrative.

Specific Service / Activity	Position/Title	Work Related to CDBG-Funded Activity	# of Hours per Week spent on this Specific Service / Activity	% of Hours per Week spent on this Specific Service / Activity to be paid with CDBG
South Meadow – rental	Director of Real Estate Development	Overall project coordination, securing financing, hiring and oversight of contractors	10	100%
	Property Manager	Tenant relations and relocation	10	100%
	Development Assistant	Working with contractors, assistance to project lead	4	100%
	Ass. Dir. of Finance	accounting	1	100%
	COO/CFO	Oversight, problem solving	2	100%
South Meadow – homeownership	Director of Real Estate Development	Overall project coordination	5	100%
	Shared Equity Program Manager	Hiring & oversight of contractors, Resident education, income verification	6	100%
	Property Manager	Tenant relations	3	100%
	Ass. Dir. of Finance	accounting	1	100%
	COO/CFO	Oversight, problem solving	2	100%
Rose Street Artists Co-op	Director of Real Estate Development	Overall project coordination, developing budgets, securing financing	2	100%
Pearl Union SRO	Director of Real Estate Development	Project coordination, assessment of options, securing financing	3	100%
	COO/CFO	Developing options for refinancing	2	100%
	Development Assistant	Assistance to project lead	2	100%
	Assistant Dir for Tenant Services	Tenant communication	2	100%

ONE Housing	Director of Real Estate Development	Project coord, securing financing	2	100%
	Development Assistant	Hiring/oversight of contractors, assisting tenants	4	100%
	Ass. Dir. of Finance	accounting	1	100%
	Property Manager	Tenant relations and relocation	3	100%
BHRIP	Director of Real Estate Development	Project coord, securing financing	2	100%
	Development Assistant	Hiring/oversight of contractors, assisting tenants	4	100%
	Ass. Dir. of Finance	accounting	1	100%
	Property Manager	Tenant relations and relocation	3	100%
Housing for Homeless Plus	COO/CFO	Developing options for refinancing	2	100%
	Director of Real Estate Development	Assessing scope of work, securing financing	2	100%
	Assistant Dir for Tenant Services	Tenant and agency communications	3	100%
Bright Street	COO/CFO	Outreach, plan design	4	100%
	Director of Real Estate Development	Project coord, hiring architects, financing, outreach	4	100%

5. Explain how your agency has the capacity to carry out the proposed activity (i.e., staff qualifications and years of experience related to this type of activity, etc.)

We have a very seasoned, experience staff capable of carrying out these projects, some of which are complex relocation/rehab efforts. We have just completed two projects that demonstrate our ability to pursue such ambitious efforts, including the multi-year, ten-building rehab and affordability preservation project called City Neighborhoods that entailed working with 40 households. We also recently completed the conversion of 32 apartments in Winooski to homeownership (both affordable and market-rate) which included a number of current residents buying and substantial rehab of the apartments at time of sale. Our Director of Real Estate Development has nearly 20 years of experience with the organization.

6. Have you received Federal or State grant funds in the past three years? XX Yes ___ No

7. Were the activities funded by these sources successfully completed? XX Yes ___ No

IV. Proposed Low & Moderate Income Beneficiaries / Commitment to Diversity

1. Will the program target any specific group of people? (check one below):

___ Abused Children ___ Elderly (62 years +) ___ People with AIDS
 ___ Battered Spouses ___ Homeless Persons ___ Illiterate Adults
XX People with Severe Disabilities (for some of the properties/activities)

2. For your proposed project, please estimate how the Burlington residents will break out into the following income categories. Use the Income Table at <http://www.burlingtonvt.gov/cedo/cdbg/2012-HUD-Income-Limits>.

Service / Activity	Unduplicated Total # of Burlington HH / Persons to be Served	# Extremely Low- Income	# Low- Income	# Moderate- Income	# Above Moderate- Income
South Meadow (rental)	116 HH / 308 people	57	33	17	9
South Meadow (homeownership)	32 / 77	0	0	16	16
Rose Street Artists Co-op	12 / 24	2	6	4	0
Pearl Union SRO	15 / 15	13	1	1	0
ONE Housing	19 / 45	13	4	2	0
BRHIP	33 / 99	21	9	3	0
Housing for Homeless Plus	39 / 39	39	0	0	0
Bright Street	30 / 60	2	8	16	4
Total	296/667	147	61	59	29

3. Explain how the target population is selected, qualified and monitored.

We annually recertify and report on the income of our residents (in the aggregate, broken down by development or as a whole) as required by numerous funders and regulatory agencies. We also collect and report on the presence of children, race/ethnicity and household size, among others.

4. How do you ensure that your programs are accessible to all, inclusive and culturally appropriate?

All of our public funding sources require that our programs and housing meets stringent guidelines for accessibility and non-discrimination, including our employment practices and governance procedures. We report on this compliance annually, and for some funding sources, more frequently. As part of our value statement, we are committed to providing opportunity for all in our housing, staff, volunteer committees and Board of Directors.

We have developed and continue to provide specialized housing designed specifically for homeless women, at risk youth, people with physical and mental disabilities and people living with HIV. With the exception of this specialized housing mentioned above, our housing and housing programs are accessible to all and serve a broad diversity of citizens including minorities, female-headed households and the disabled, who are more highly represented in our housing than they are in the general population. In our rental housing, approximately 26% of the heads of household are non-white. Our HomeOwnership Center also strives to meet the needs of numerous refugees and new Americans by translating our course materials and documents for the increasing number of refugees seeking homes.

In addition, we have instituted policies for use of translation services and other relevant policies to ensure that we are providing the type of service that is appropriate to our customers. We also actively recruit minorities for staff positions and for vacancies on our Board of Directors. Our Board, comprised of one third residents, is elected by our membership and reflects the population our programs serve.

5. What steps has your organization/board taken in the past year to become more culturally competent?

In the past year we have increased our budget and use of translation services for our programs and have adopted a new policy with regards to providing this service. We have also hired a multi-lingual staff person in our property management department.

V. Budget / Financial Feasibility

1. Project Budget

<u>Line Item</u>	<u>CDBG</u>	<u>Other</u>	<u>Total</u>
Acquisition		\$17,574,946	\$17,574,946
Construction	\$	\$ 8,738,000	\$ 8,738,000
Soft Costs	\$ 85,000	\$ 3,560,799	\$ 3,645,799
	\$	\$	\$
	\$	\$	\$
TOTAL	\$ 85,000	\$29,873,745	\$29,958,745

2. Funding Sources

	<u>Project</u>		<u>Agency</u>	
	<u>Current</u>	<u>Projected</u>	<u>Current</u>	<u>Projected</u>
CDBG	\$65,000	\$85,000	\$65,000	\$85,000
State	\$1,443,000	\$3,059,148	\$5,395,669	\$3,453,970
Federal	\$740,000	\$5,740,937	\$3,298,979	\$5,740,937
United Way	0	0	0	0
Private	\$11,224,000	\$20,273,660	\$23,159,300	\$20,358,660
Program Income	0	0		0
Other	\$25,000	\$800,00	\$211,095	\$800,000
Total	\$ 13,497,000	\$29,958,745	\$32,130,043	\$30,438,567

3. Of the total project cost, what percentage will be financed with CDBG?

$$\frac{\$85,000}{\text{CDBG Funding}} \div \frac{\$29,958,745}{\text{Total Project Cost}} = \frac{0.3\%}{\text{Percentage}}$$

4. Of the total project cost, what would be the total cost per person?

$$\frac{\$85,000}{\text{CDBG Funding}} \div \frac{667}{\text{\# Proposed Beneficiaries}} = \frac{\$127.44}{\text{Cost Per Person}}$$

5. Why should CDBG resources, as opposed to other sources of funding, be used for this project?

Other sources of funds for this project are primarily capital sources and do not pay for the staffing involved in bringing development from concept to completion.

6. Describe your use of community resources. Include any resources not listed in your budget.

Over 140 volunteers provide more than 2,000 hours of service to CHT and approximately 500 people contribute to CHT annually to support affordable housing with gifts of \$10, \$25 and \$50 or whatever they can afford.

7. Has your organization experienced any significant changes in funding levels during the past year? ☐ Yes ☒ No

8. What cost-cutting measures has your organization implemented?

We manage and analyze our budgets monthly on the staff and board committee level, and devote significant time each quarter with the full board to ensure we are using our resources wisely. Between 2007 and 2012 we reduced our staff size by 16% (or the equivalent of 13 FTEs) while we reorganized our departments. At the same time, however, we added on average 30 to 40 new rental apartments per year. Now, with the addition of South Meadow and the overall growth of our portfolio we have begun to add staff smartly.

Over the last several years, we have also made wise investments, made available by new resources, into energy efficiency and renewable sources, making our properties operate less expensively.

VI. Community Support / Participation

1. What other organizations or key individuals (if any) have given support to this project?

The City (both CEDO and the Mayor's Office) have been key partners and supporters of this work, notably the purchase and planned activity at South Meadow where the City reinvested a \$4.6M HUD grant.

We engage a wide variety of neighborhood leaders when proposing any new development. For example, as we began to discuss development on Bright Street, we approached the NPA to present some initial concepts and have assembled an advisory group that includes Brian Pine, Wanda Hines, Meghan Humphrey, Erik Hoekstra, Dave Berezniak, Bill Bissonette, Max Tracy, and Bram Kranichfeld. We will also engage state legislators in the process, too, so they can understand what's happening in their neighborhood and effectively advocate for state funding.

2. How are the community or program participants involved in decision-making and/or identifying the program need, design and/or evaluation?

The different activities proposed have a variety of ways in which the community or program participants are involved in the decision-making process. One constant is that our Board of Directors is always engaged, and they are directly elected by the membership. One-third of the Board are residents of our housing, so a consumer is always at the table with as much power as any other voice. All residents of our housing are members of the organization and are encouraged to participate in our governance.

With the Rose Street preservation, the co-op members will make choices on how they want their housing affordability preserved. With more standard refinances/capital projects, a Board committee reviews and makes recommendations to the Board.

In the case of our proposed development on Bright Street there is much more community engagement with stakeholders and volunteers engaged as listed above. We will also be working with a UVM class to go door-to-door in that neighborhood to survey the residents on their feelings about the neighborhood and any future plans. We will continue to seek input and report progress through the NPA and other channels.

VII. Readiness to Implement

1. Is the project ready to begin on July 1, 2013 and be completed by June 30, 2014?

XX Yes No

2. List any conditions (i.e., obtaining permits, availability of other funding, etc.) that may affect your ability to begin or complete this project.

Some of the activities may depend on construction scheduling and financing available that will impact start and completion dates. We have close to a 30 year track record of achieving our production goals in the City.

VIII. Impact / Evaluation

1. Describe how this project will effectively measure outcomes.

There are several measurement tools we will use to track progress and success of the activities listed in this application. First, and simplest, we can count the units and people served against our goals. We can track capital investment, and number of private dollars leveraged by the public ones spent. We will also track the estimated number of jobs created or sustained.

In addition, in a four-block section of the Old North End, we will be surveying residents with the help of students in a class at UVM. This survey will collect information about residents' satisfaction, quality of life, and offer input into development plans in the neighborhood. We will also do a visual survey of structures and blocks in this neighborhood. This information will be coupled with data collected by the US Census Bureau. We will repeat the exercise in three years using the same survey. We have secured assistance from a national organization to help analyze

2. What strategies will you implement to collect the data necessary to analyze your results?

The survey work described above will be conducted door-to-door, and the data entered into a database to analyze and create reports. We have economic activity calculators to determine estimates of the number of jobs created and sustained.

3. How are clients better off as a result of your program?

Stability in ones housing makes so many other things possible – employment, health, job training, security and safety, to name a few. Nearly half the households in the housing described in this application are extremely low-income and a number live with mental illness or a disability. With housing for these people in the community, more homelessness would result.

Other residents have steady jobs that simply don't pay enough to cover the standard rent in this high priced market. These people, too, need a stable home where they have enough to purchase food, buy clothes, pay school loans, etc. Some are able to begin to save to buy a home – and many are able to accomplish that goal with our help, too.

IX. Sustainability

1. How will this project have a long-term benefit to the City of Burlington? If this project ends, will that benefit continue?

CHT develops housing that is permanently affordable, so future generations of Burlington residents will reap the benefits of these projects.

2. Provide evidence of long-term support for this project.

The creation and preservation of affordable housing has long been a priority of the City. In each of the housing developments listed, the City has, at critical times of acquisition or preservation, provided resources to spur outside investment (state, federal or private) in making these 200+ apartments affordable. CHT has nearly a 30 year track record of working in the community to provide for the housing needs of its residents.

3. If CDBG funding ends, will the project be able to continue?

CDBG funding supports the costs we are unable to cover in our capital budgets. We don't currently have a source to replace CDBG funding and would have to try to secure one. At best, assuming we would be successful in securing replacement support, there would be a delay which may result in losing opportunities that exist today.